

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 OIC-02 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-04  
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P 271822Z JUL 77  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC PRIORITY 1077  
INFO ALL EC CAPITALS

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USEEC

PARIS ALSO FOR USOECD

E.O. 11652: N/A  
TAGS: EEC, EIND  
SUBJ: EC FOREIGN MINISTERS COUNCIL, JULY 25-26, 1977:  
INDUSTRIAL ISSUES

REF: EC BRUSSELS 2592

1. SUMMARY: DURING JULY 25-26 COUNCIL MEETING, THE  
EC FOREIGN MINISTERS DISCUSSED THE FOLLOWING INDUSTRIAL  
ISSUES: SHIPBUILDING, AUTOMATIC IMPORT LICENSES ON  
STEEL, AND STEEL SCRAP EXPORTS TO THIRD COUNTRIES. EC  
COMMISSIONER DAVIGNON ALSO SUGGESTED TO THE COUNCIL THAT  
THE COMMUNITY DEVELOP A COMMON STEEL POLICY TOWARD THE  
EAST EUROPEAN STATES. END SUMMARY.

2. SHIPBUILDING: FRENCH FOREIGN MINISTER DE GUIRINGAUD  
OPENED DISCUSSION OF SHIPBUILDING PROBLEMS BY NOTING THAT  
THE DIFFICULT SITUATION OF EUROPEAN SHIPYARDS RESULTS  
FROM INSUFFICIENT ADAPTATION BY THE INDUSTRY TO AN  
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INCREASINGLY COMPETITIVE WORLD MARKET. HE ANNOUNCED THAT  
THE FRENCH GOVERNMENT IS FINALIZING A REORGANIZATION  
PLAN FOR ITS SHIPBUILDING INDUSTRY, WITH SPECIFIC MEASURES  
TO BE ADOPTED SOON. HOWEVER, HE EMPHASIZED THAT THESE  
MEASURES WOULD NOT BE EFFECTIVE UNLESS TAKEN IN "AN  
ENVIRONMENT ORGANIZED ON THE BASIS OF GUIDELINES ACCEPTED  
BY THE MAJOR PARTNERS." ACCORDING TO A COMMISSION

SPOKESMAN, COMMISSIONER DAVIGNON ANNOUNCED THAT THE COMMISSION WILL SUBMIT ITS OWN PROPOSALS ON THE SHIP-BUILDING INDUSTRY IN OCTOBER.

3. AUTOMATIC IMPORT LICENSES: DAVIGNON TOLD REPORTERS HE HAD INFORMED THE COUNCIL THAT THE EC'S AUTOMATIC LICENSE SYSTEM FOR STEEL IMPORTS (REFTEL) IS NOT WORKING SATISFACTORILY SINCE, EXCEPT FOR ITALY AND IRELAND, MEMBER STATES ARE FAILING TO INFORM THE COMMISSION ON A REGULAR BASIS OF THE VALUE AND QUANTITY OF LICENSES GRANTED BY THE MEMBER STATES AND OF PRODUCTS IMPORTED INTO THE EC. HE TOLD REPORTERS HE HAD ALSO EXPRESSED CONCERN TO THE COUNCIL ABOUT RISING STEEL IMPORTS FROM EASTERN EUROPE AT PRICES LOWER THAN THOSE ON THE EC MARKET. HE INDICATED THAT THE COMMISSION IS STUDYING THIS PROBLEM AND THAT THE EC SHOULD CONSIDER DEVELOPING A COMMON STEEL POLICY TOWARDS THE EAST EUROPEAN STATES.

4. STEEL SCRAP EXPORTS: ACCORDING TO A COMMISSION SPOKESMAN, ALL MEMBER STATES BUT ITALY FAVORED A PROPOSED REGULATION LIBERALIZING EXPORTS OF STEEL SCRAP TO THIRD COUNTRIES. THE ISSUE HAS BEEN REFERRED BACK TO COREPER. THE PROPOSED REGULATION WOULD AUTHORIZE MEMBER STATES TO EXPORT 500,000 TONS OF SCRAP DURING THE SECOND HALF OF 1977, OF WHICH 90,000 TONS WOULD BE HIGH-QUALITY SCRAP. ITALIAN CONCERNS CENTER ON THE POSSIBILITY THAT LIMITED OFFICIAL USE

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THIRD COUNTRY DEMAND WOULD FURTHER REDUCE SCRAP AVAILABILITY AND INCREASE ITALY'S PROBLEMS AS A LARGE TRADITIONAL IMPORTER. HINTON

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NNN

## Message Attributes

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**Review Markings:**  
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